

New Bill in Congress Will Bring Billions in New Federal Contracts to California

A new bill has been introduced in the House of Representatives that will bring over \$10 billion a year in additional federal small business contracts to California. The new bill is titled the, "Fairness and Transparency in Contracting Act of 2009," and has been given the designation H.R. 2568. American Small Business League (ASBL) President Lloyd Chapman wrote the original draft of the bill. California Senator Barbara Boxer helped Chapman fine-tune the bill, although she has not introduced the bill in the Senate yet.

The Fairness and Transparency in Contracting Act has been introduced in the House of Representatives by Georgia Congressman Hank Johnson (D - GA4) with eight original co-sponsors including California Congressmen Dennis Cardoza (D - CA18), Jim Costa (D - CA20) and Bob Filner (D - CA51). (<http://www.asbl.com/documents/hr2568.pdf>)

H.R. 2568 is designed to stop the flow of over \$100 billion a year in federal small business contracts to Fortune 1000 firms and thousands of other large businesses. Since 2003, several federal investigations have found that Fortune 1000 firms in the U.S. and some of the largest companies in Europe are receiving billions of dollars in government small business contracts every year.

A July 2008 article from the Associated Press found over 33 percent of all federal small business contracts go to firms in the Washington, D.C. area. The majority of those companies are actually subsidiaries and divisions of Fortune 1000 firms. The result is that every other state, including California, does not receive a proportional share of government small business contracts. H.R. 2568 will end the diversion of federal small business contracts to corporate giants and double the volume of federal small business contracts to every state in the country. (<http://www.asbl.com/showmedia.php?id=1101>)

The Fairness and Transparency in Contracting Act is based on the provisions in the Small Business Act that define a small business as "independently owned." Publicly traded firms are not "independently owned," and therefore would not qualify as small businesses. H.R. 2568 precludes the federal government from reporting awards to publicly traded firms as small business awards.

During Fiscal Year (FY) 2008, California small businesses were the recipients of approximately \$9.8 billion in federal small business contracts. If H.R. 2568 becomes law, California firms are expected to see a 100 percent increase in the annual volume of federal small business contracts. A recent finding by the Obama Administration found every billion dollars in federal infrastructure spending generates approximately 40,000 jobs. H.R. 2568 could create over 400,000 new jobs in California and provide a significant boost to the state's troubled economy.